

Message Text

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PAGE 01 CANBER 01914 030656 Z

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ACTION TRSE-00

INFO OCT-01 EA-11 ADP-00 EB-11 COME-00 CIAE-00 DODE-00

INR-10 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01 CIEP-02

OMB-01 L-03 RSR-01 /057 W
----- 090119

R 030630 Z APR 73

FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 0668

LIMITED OFFICIAL USE CANBERRA 1914

E. O. 11652: N/ A

TAGS: EFIN AS

SUBJ: FOREIGN INVESTMENT

REF: (A) STATE 58571; (B) CANBERRA 5316;
(C) CANBERRA 1614; (D) CANBERRA 1351

1. SUMMARY: THIS MESSAGE RESPONDS TO QUESTIONS
IN PARAS 1 AND 2 REFTEL (A). PRESS RELEASE TEXT
REQUESTED PARA 2 REFTEL (A) FORWARDED UNDER A-84
APRIL 2. END SUMMARY

2. REFTEL (A) PARA 1 (1) - " A ", " B " AND " C " ALL
REFER TO INTENTIONS, NOT YET IMPLEMENTED, TO
ESTABLISH PERMANENT MACHINERY (AS OPPOSED TO PRESENT
TEMPORARY INTERDEPARTMENTAL MACHINERY) TO PASS ON
PROPOSED FOREIGN TAKEOVERS. KEY PROPOSAL IS " B "
(TO WHICH " A " ALLUDES) WHICH CONTEMPLATES NEW GOA
ORGANIZATION WITH BROAD RESPONSIBILITY FOR FOREIGN
INVESTMENT QUESTIONS INCLUDING BUT NOT LIMITED TO
TAKEOVERS. " C " IS EARLIER MCMAHON PROPOSAL, PRE-
SUMABLY LIMITED TO TAKEOVER FUNCTION, BUT NOT
IMPLEMENTED. INSTEAD, MCMAHON GOVERNMENT ESTABLISHED
" INTERIM DEPARTMENTAL AUTHORITY " PRIOR TO PASSAGE
OF 1972 TAKEOVER ACT. THIS CONSISTS OF SENIOR
INTERDEPARTMENTAL COMMITTEE ON FOREIGN TAKEOVERS ,
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PAGE 02 CANBER 01914 030656 Z

CHAired BY TREASURY (ORIGINALLY REPORTING TO PRIME MINISTER, BUT NOW TO TREASURER) SUPPORTED BY SENIOR- LEVEL TEMPORARY STAFF ASSEMBLED FROM VARIOUS DEPARTMENTS. TAKEOVER ACT DID NOT ESTABLISH ANY ORGANIZATION. GENERALLY ASSUMED PERMANENT LEGISLATION, WHEN INTRODUCED (1972 ACT EXPIRES 12/31/73) WILL PROVIDE PERMANENT MACHINERY AS PROJECTED " B", BUT NO INDICATION TIMING OR DETAILS SUCH LEGISLATION.

3. REFTel (A) PARA 1 (2) - BECAUSE NEITHER " B" NOR " C" IMPLEMENTED, SCREENING PROCESS STILL ADMINISTERED BY INTERIM MACHINERY AND CONTINUES BE BASED ON CRITERIA LISTED REFTel (C) PARA 3 (E) (1)-(4). WHILE CRITERIA UNCHANGED, REASONABLE PRESUMPTION THAT APPLICATION OLD CRITERIA BY NEW GOVERNMENT, GIVEN ITS STRONG VIEWS ON ISSUE, YIELDS TIGHTER SCREENING THAN WOULD HAVE BEEN CASE UNDER CONTINUATION OF FORMER GOVERNMENT. LIMITED NUMBER CASES DECIDED, AND LACK DETAILED RATIONALE IN TREASURER' S ANNOUNCEMENT DECISIONS, PROVIDE LITTLE BASIS FOR JUDGEMENT, BUT POLICY SPEECHES BY PRIME MINISTER AND CABINET (E. G. REFTELS (C), (D)) POINT TO TIGHTENING.

4. REFTel (A) PARA 1 (3) - CURRENTLY, UNDER TAKEOVER ACT 1972, AND PRE- EXISTING EXCHANGE CONTROL POWERS. IN FUTURE - NEW PERMANENT INVESTMENT LEGISLATION IF AND WHEN ENACTED.

5. REFTel (A) PARA 2 -
(I) TREASURY PRESS RELEASE POUCHED APRIL 2 A-84.
(II) GOA HAS NO PLANS TO PUBLICIZE ADDITIONAL DETAILS FOREIGN TAKEOVER COMMITTEE DELIBERATIONS.
(III) EMBASSY HAS NO KNOWLEDGE OF APPLICANTS CHANGING PREVIOUSLY CONTEMPLATED TAKEOVER PROPOSALS TO MEET " STAGE- TWO" CRITERIA.
RICE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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